



PMAC Annual report

1 July 2018 to 30 June 2019



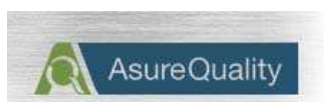
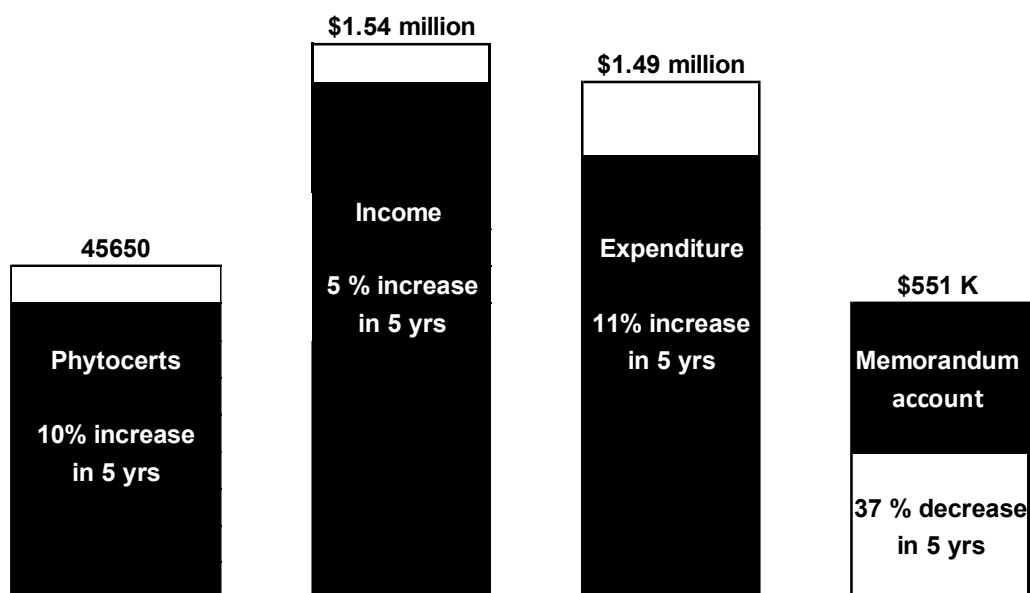


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1. 2019 Highlights

Managing our funds - Income and expenditure June 2014 to June 2019



2018/19 happenings being actively managed



2018/19 Keeping information up to date

Updated 12 OAP's

PROCESS 280 MAO AMENDMENTS

Approved 1 new MAO

Updated 53 ICPR's

Update 478 MRL's in 45 countries

Collated information on heavy metal/ sanitizer or microbial parameters for 27 markets

2. Michael Ahie – Chairman’s report



. Tēnā koutou katoa

One could argue the threats and opportunities for New Zealand’s plant product exporters are greater right now than at any stage in the last decade. Two macro level forces are at play.

The first is the geo-political shifts putting the established global trade system under significant threat.

The second is the opportunities arising from changes in the way consumers are eating. In my report this year I’d like to look at these changes and consider how PMAC has been working to manage the threats and help exporters make the most of the opportunities.

Internationally over the last decade we have seen a shift towards the election of populist leaders. The promise of growing the wealth and health of the country’s citizens by supporting domestic production and closing borders – both to people and goods – has been at the center of their election promises. The result has been an international increase in the number of tariffs, quotas and other non-tariff barriers. This has led to diminished support for the international organisations set up to support free trade. As a consequence, the WTO’s ¹ influence has been eroded. In November of this year for example, the WTO will lose its ability to run dispute settlement processes.

What can New Zealand do to counter such a trend? Thankfully New Zealand is not alone in appreciating the benefits of free trade and our politicians, diplomats and food and fiber leaders are working at international forums to counter this trend. Our involvement in multilateral trade arrangements such as CTTPT and RCEP is a tangible demonstration of our tireless work to protect free trade.

PMAC’s and its members have been supporting a fair and rule based international trading environment via the WTO structure and associated organisations² such as FAO³ and the IPPC⁴

¹ WTO World Trade organisation

² Note New Zealand’s efforts are not restricted to just IPPC but it also contributes to wider range of international bodies such as Codex

³ FAO Food and Agricultural organisation

⁴ IPPC International Plant Protection Convention

structure. We specifically do this by being active in the development of standards and tools that support trade and ensure that all countries can participate in trade. The same work also ensures that these standards do not contain rules which will limit our ability to export New Zealand products. For example, several years ago, our officials worked hard to ensure that a codex standard for apples does not include a lower size limit. If this limit has been included Rockit apples could not have been easily traded. This year Rockit won Marketing Campaign of the Year at Asia Fruit Logistica and is now well recognised in all of our major apple markets.

MPI has always been active in this space and the last year has seen MPI confirm the importance of this work by releasing its IPPC strategy 2019-23 which aligns MPI's approach even more closely with the IPPC strategy. PMAC members are included in MPI's consultation for standards currently being considered by the IPPC ensuring the officials representing New Zealand are aware of the practical implications of the standards and can provide fact-based input to discussions.

2018 also saw the completion of the "hub" by the IPPC. The hub is an electronic portal that allows the secure electronic exchange of phytosanitary information between countries. Without a tool like the hub it is probable that expensive electronic exchange would need to be set up for each country. Cost recovered funds were used to upgrade ephyto in 2012 so New Zealand would be able to participate in such a system. MPI chaired the IPPC hub working group in its early stage and more recently has been working to assist other countries set up systems which will allow 2-way electronic exchange. The hub has the additional advantage that it will also improve security and decrease the opportunity for fraud.

What of the opportunities for our plant product exporters?

The last two years of hot summers in the northern hemisphere and increased frequency of weather induced emergencies has made climate change top-of-mind for many. The public are demanding change from politicians and many are making changes in their own lives. More and more consumers want to know the food they buy is not further contributing to climate change and that it is being produced sustainably. In the last year a number of reports have been released which show that the production of plant-based foods has less environmental impact than the equivalent calories produced from animal-based foods. In parallel research showing the health benefits associated with a diet of predominately plant based food has gained mainstream coverage. These two factors along with social and demographic shifts has created a dietary shift internationally in developed countries. Vegetarians, flexitarians and vegans are on the increase.

New Zealand exports approximately 80% of the plant-based food that we produce and the quality of the food is well regarded. In many countries our products command a premium not only over local production but also compared with some of our competitors. This is a great credit to our producers, exporters and marketers. The trend towards plant-based diets is growing our markets. A bright future is assured if we continue to maintain quality and ensure our production is tailored to high value consumers.

Just as there is great interest in plant-based diets internationally, in New Zealand there is a similar upswing if interest in land use change from livestock farming toward horticulture. Concerns about climate change, freshwater quality and the promise of much higher returns per hectare are driving this change. Current government legislation to counter climate change and improve freshwater quality could hasten this change further. New Zealand's production of fruit, vegetables and seeds is set to rise.

AT PMAC we are fully aware that for this continued growth to be supported, the industry needs internationally respected assurance systems, good bilateral relationships with officials in our markets and decision-making tools which help exporters export compliant products.

PMAC projects are currently being funded which will set us up for continued success. A strengthening assurances project has started which will ensure our assurance system is respected by our markets, that it can accommodate more transactions and enable new exporters to understand their responsibilities. MPI is also working with an industry working group to investigate what assurance MPI can provide on our export food safety status. Food safety concerns have increased dramatically over the last decade and governments internationally want assurances on the quality of imported food. The ICPR Improvement project described in this report is a good example of the tools that PMAC is working on.

Far from being intimidated by the geo-political shifts and threats to global trade, as a sector we should be encouraged by the opportunities in front of us and the support systems we have in place to continue New Zealand's plant product export success.

I would like to make special mention of two people who have worked for MPI (previously MAF) for most of their life who have left horticulture with an enduring legacy. Both worked over a period when horticultural exports grew from less than \$35 million to over \$3.5 billion today. During that time trade has become very much more complicated and rule bound and their efforts to facilitate trade and ensure exporters had a system which enabled rather than limited their activities have been significant. Both were heavily involved with PMAC.

Peter Johnson worked for MPI for over 40 years and was involved in the running of the phytosanitary system and has represented New Zealand on a number of International Standards Boards. PJ retired in May this year. Thank you, Peter, for all of your efforts.

Richard Ives was instrumental in negotiating much of our initial market access especially to countries like Japan. Richard was Chief Plant Officer for over a decade and established PMAC. He left MPI in the early 2000's to work in FAO and then returned in 2008 to work for MFAT through until 2017. Richard passed away in October 2019. On behalf of PMAC members, I pass on our sincerest condolences to Richard's family and friends for their loss.

PMAC plays an important role in bringing together industry and officials from MPI and MFAT to make sure that the funds collected from Industry are used to best effect. I want to acknowledge

our partners MPI and MFAT for their role in supporting our horticultural export success and to acknowledge all PMAC council members for their personal time given to PMAC activities over the past year. I also want to acknowledge Executive Officer Helen Gear for her support, energy and dedicated effort to PMAC.

With warm regards,

Michael Ahie
Chair

3. Agency activity and use of cost recovered funds

3.1. Introduction

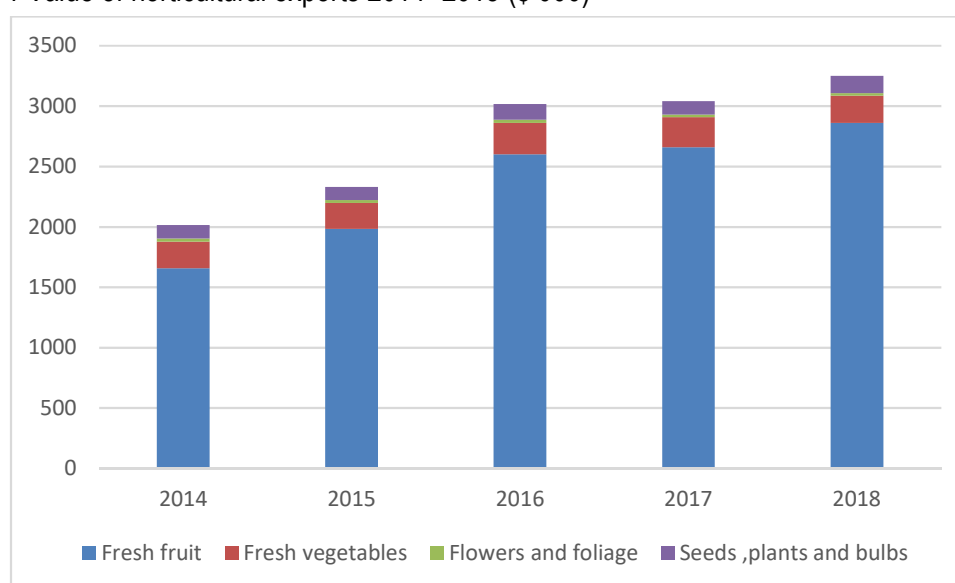
Each year MPI undertakes a range of activities which are paid for by the funds cost recovered from plant product exporters. Funds to support this work are collected as part of the fee charged for phytosanitary certificates (phyto certs) provided to the Horticultural and Arable Seed sectors. These funds are used to support activity in the Plant Exports (PE), Plant Wine and Organics (PWO) and Market Access (MA) teams in MPI.

The PMAC council was established to allow industry to provide input into how these funds are spent. This annual report provides an update on the activity and achievements funded by these monies in 2018/19.

3.2. Export levels

The 2018 Fresh Facts⁵ publication shows in the 2018 calendar year total plant products⁶ earned nearly \$3.8 billion about 7 % of New Zealand's total exports. Fresh fruit exports dominate these exports both in terms of value and growth.

Graph 1 Value of horticultural exports 2014- 2018 (\$ 000)



Total horticultural exports in 2018 increased 6% on 2017 when 1% growth in exports had reflected the bad growing conditions in late 2016. Growth rates over the previous decade had

⁵ <https://www.freshfacts.co.nz/files/freshfacts-2018.pdf> all fresh facts figures cover the 2018 calendar year

⁶ Plant products for these figures include products covered by PMAC representation which do not include wine sales or forestry but do include both fresh and frozen product.

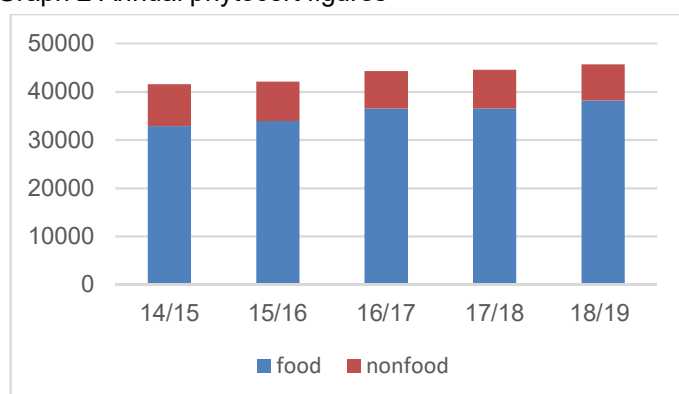
varied from 1 to 29% per annum. Reports of increased plantings from a range of sectors indicate that growth in Horticultural Exports is likely to increase significantly over the next five years. Sectors reporting increased plantings are fruit dominated.

3.3. Income and resourcing

3.3.1. Income

Phyto certs are provided by MPI for compliant produce to verify that the certified product fulfills the importing countries phytosanitary requirements facilitating smooth entry to markets. The number of phyto certs requested is based on the number of consignments that leave New Zealand and does not indicate the value or volume of produce 45650 phyto certs were provided to the horticultural and seed sectors in 2018/19. Like exports total phyto certs have increased over time. Certificates for non-food commodities however have fallen so they now represent just 16% of phyto certs (down from 32% in 2010/11).

Graph 2 Annual phytocert figures

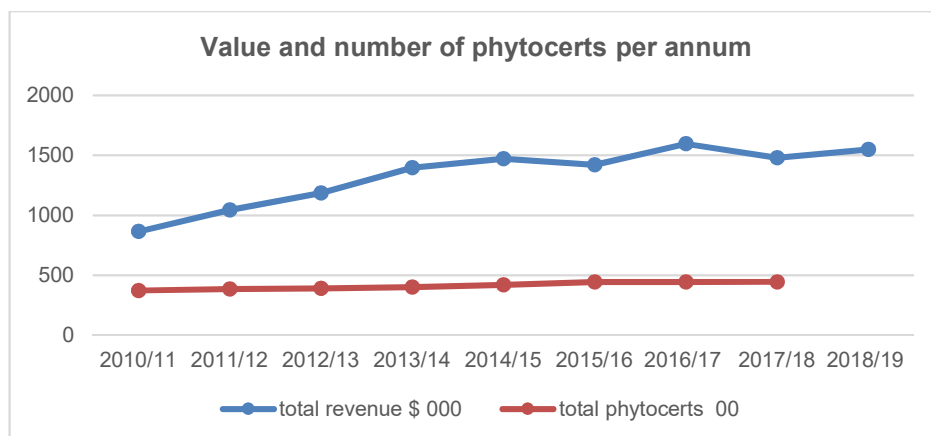


Food products include: Fresh fruit and fresh vegetables. Except in a few circumstances processed fruit and vegetables are not usually accompanied by a phytocert.

Non- food products include: Flowers and foliage, nursery stock and seeds (arable, flower, vegetable and tree)

Phyto certs provided for commodities eaten as food pay an additional 46% or \$12.17 per certificate to account for the funds spent to support food safety work undertaken by these teams. The increase in the number of phytocert combined with the increasing percentage of food certificates has resulted in a steady increase in revenue over the last ten years.(Graph 3) The cost of phyto fees has been held steady for the last four years . at \$ 22.99 for non-food products (\$26.44 incl. GST) and \$ 35.16 for food products (\$40.43 incl. GST). This fee includes a 10% discount. Fees will be kept at the same level for 2019/20.

Graph 3 Annual phytocert value and numbers sold

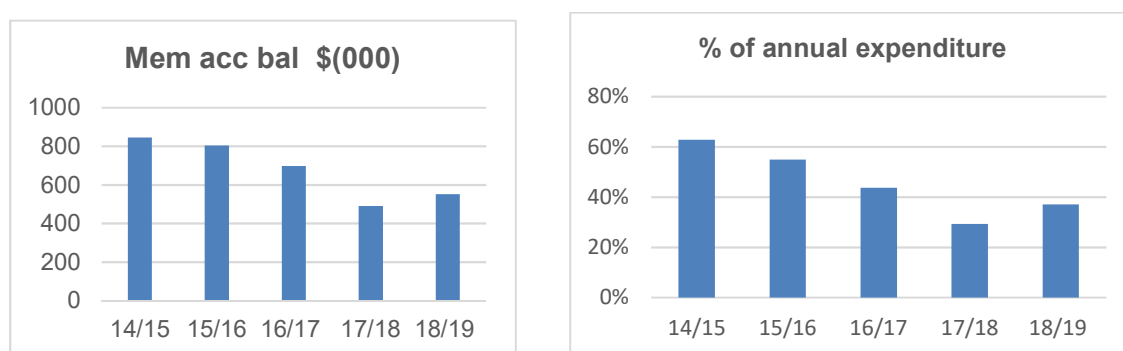


3.3.2. Expenditure

Cost recovered funds (CRF) are collected with the intent that they will be used to fund work undertaken by MPI in the year in which the funds are collected

The annual budget developed by MPI and endorsed by PMAC is designed to ensure that this is achieved. Where funds are not spent within the year of collection, they are accounted for in a memorandum account which allows them to be carried over to the following financial year (unlike Government Agency funds). Government rules do not allow CRF's to be deliberately accumulated and treasury encourages operating at close to a zero-account balance.

Graph 4 and 5 Memorandum account values and as a % of total annual expenditure

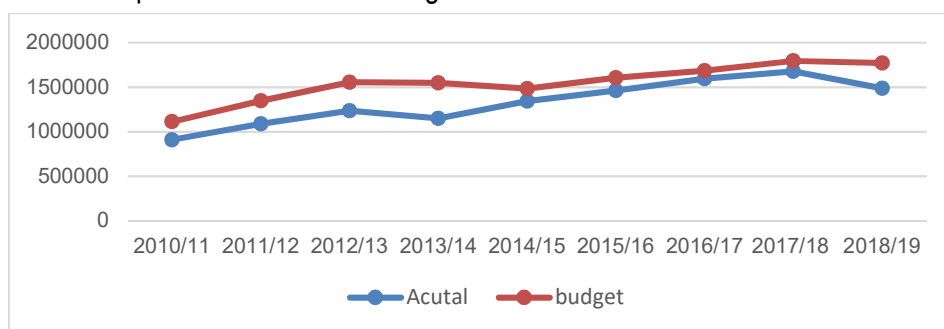


In the past the high surpluses in the PMAC memorandum account have caused concern amongst PMAC members. To reduce the account; deficit budgets have been deliberately set to decrease the memorandum account. MPI's ability to spend the budget has improved considerably since 2014/15 when the memorandum account represented 62% of expenditure in that year. For the following three years thanks to deficit budgets the memorandum account dropped to less than 33% of the year's expenditure.

The 2018/19 budget targeted a memorandum account carry over equivalent to 20% of expenditure but due to staffing vacancies and the diversion of officials from cost recovered work to dealing with the Fruit Fly incursions in Q3 and Q4 the memorandum account at year end had risen to 37% of expenditure.

It is hoped this is an anomaly as a review of actual versus budgeted expenditure for the last 9 years show that in the four years between 14/15 and 17/18 MPI achieved 91% to 95% of budgeted expenditure (Graph 6) .

Graph 6 Annual expenditure actual and budgeted



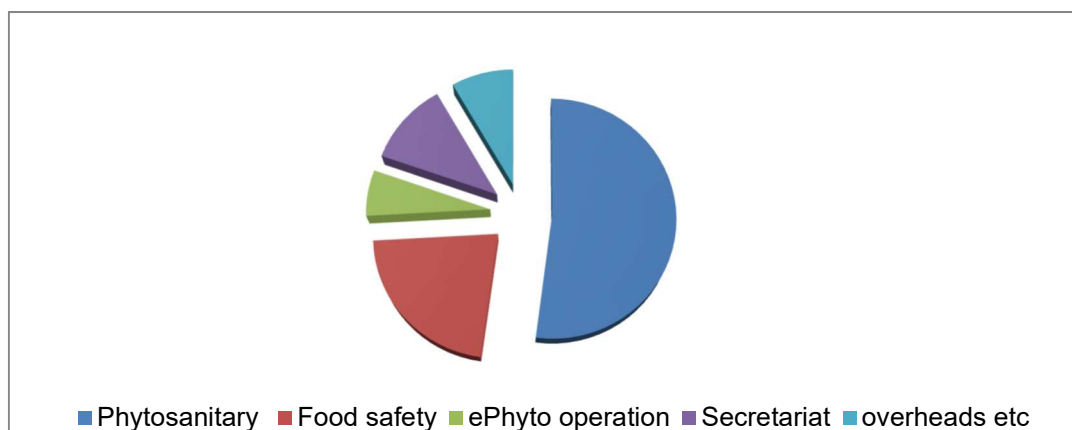
The 2019/20 budget has again been set at a deficit budget and if achieved will result in a reduction of over \$500k in the memorandum account reducing the memorandum account to approximately zero by the 30th of June 2020

3.4. Where funds are spent

3.4.1. Comment of Budget categories

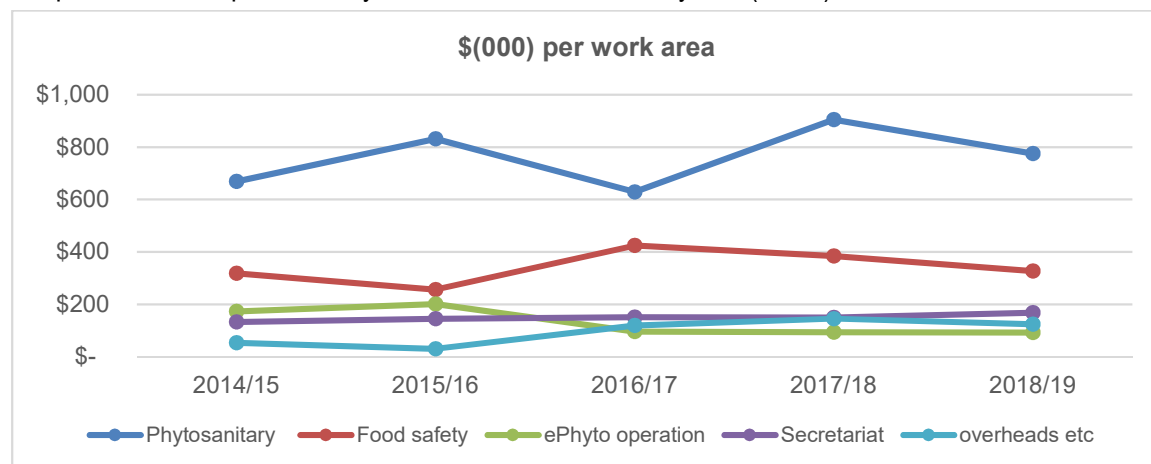
2018/19 expenditure on key work areas is shown (Graph 7).

Graph 7 2018/19 Expenditure by work area



Phytosanitary work accounts for all work to support market access which is not associated with the ephyto system or food safety. Expenditure for both phytosanitary and food safety areas has fallen in the last year. The other three areas which are almost regarded as fixed charges⁷ have been relatively stable over the last 5 years (Graph 8)

Graph 8 Annual expenditure by work area over the last 5 years (\$ 000)

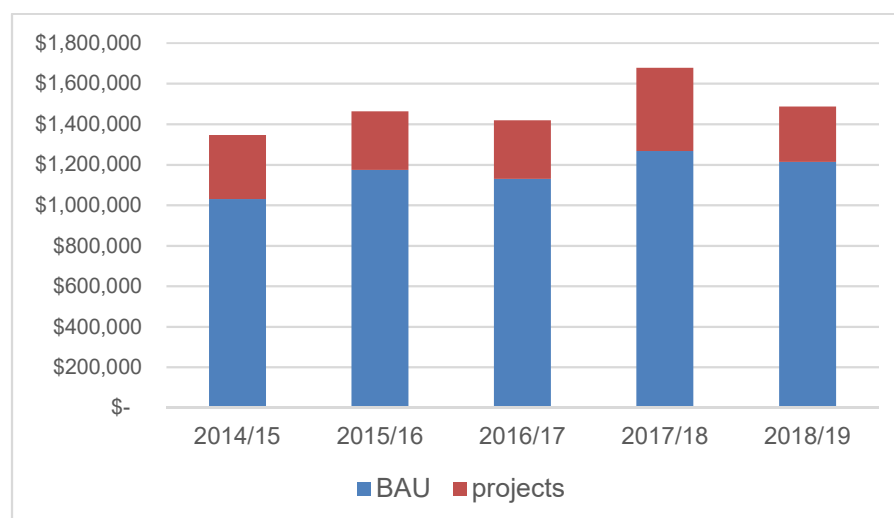


3.4.2. Comment on the BAU/ project spend

The phytosanitary and food safety categories can also be considered in terms of business as usual (BAU) and projects. (Graph 9) BAU includes:

- work undertaken to maintain the Plant Exports assurance system,
- work supporting market access,
- running the ephyto certification system, and
- maintenance of databases containing importing countries requirements.

Graph 9 Total annual budget expenditure over the last 5 years



⁷ Prior to 2016/17 the ephyto development was being repaid. Since that time ephyto charges have varied between \$92 and 95 K

Projects deal with issues of particular importance to exporters and/ or potentially create a step change in specific areas. In some cases, industry/ MPI working groups are established to guide the development of the project to ensure that the outcomes of the project are ready for implementation/ uptake by industry. Where possible solutions leverage best practice activities already adopted by industry. The percentage of the annual budget spent on projects has varied between 18 and 24% of the total budget. An incident, such as a fruit fly incursion, that involves the officials working in this area has been shown to have a greater effect on project work than on BAU. MPI's Plant Exports and Assurance teams have employed project management practices to improve the planning, management and implementation of these projects.

Projects funded in 2018/19 are listed in table 1

Table 1 list of projects undertaken with cost recovered finds in 2018/19

Plant Exports projects	Purpose/objective
Asia Food Safety Standards	To collect updated information on Asian trading partners regulation and compliance policies for pesticide MRL setting, post-harvest sanitisers, heavy metals and microbial contaminants in fresh and minimally processed produce. Clarify status of biopesticides. Strengthen and expand contacts with key officials.
Food Safety Assurance	<ul style="list-style-type: none"> • Develop a flexible food safety assurance platform that leverages regulatory and non-regulatory systems to enable MPI to provide reliable assurances that all exported produce is compliant with the food safety requirements for both New Zealand and export markets • Provide a basis on which MPI can defend the standards to which the food is produced in New Zealand and potentially challenge unreasonable requirements proposed by other countries • Develop proposals for "backstop" tools for a regulatory approach to deal with non-compliance • Propose tools for MPI's enforcement of the "system" • Avoid duplication of effort by communicating and collaborating closely with other food groups within MPI on work streams with relevant outputs
Fruit fly incursion contingency	<ul style="list-style-type: none"> • Prepare and negotiate an agreement with the top eight priority trading partners to secure continued trade in the event of a fruit fly incursion (Led by Market Access Directorate and also with the support from Plant Exports, Plant Imports and Plant Risk Analysis) <p>Plant Exports role is to ensure that the contingency protocols are implemented with potentially affected New Zealand industries.</p>
ICPR Information	•Preparation of the solution options, and the business case
Offshore Pre-shipment Inspection (OPI)/Compliance-Based Inspection System (CBIS)	• Finding ways to maximise the efficiency of the programme to ensure full utilisation of the reduced number of inspectors assigned to the programme

Plant Wine and Organics	
Annual Review of Plant Exports Standards	<ul style="list-style-type: none"> • Ongoing maintenance and review of Plant Export Standards to ensure standards do not get out of date. Avoid a major review of the scale of the Certification Review Project.
Competency Project	<ul style="list-style-type: none"> • Enhance MPI requirements for competency assessors in the standard
Official Assurance Programmes (OAPs) review	<ul style="list-style-type: none"> • Review the use of OAPs, looking at alternatives. Provide guidance around OAPs regarding their role and development.
Pest ID	<ul style="list-style-type: none"> • The new Plant Exports Certification Standard requires any phytosanitary inspectors who are making pest identifications, to be competent at accurately identifying pests to their level of assessed ability. This is a new project and its purpose is still being defined.
e-Phyto	Development of and contribution to: <ul style="list-style-type: none"> • True eCert (electronic certification) project • ePhyto/eCert for Imports • IPPC Hub prototype
GIS Coordinates	<ul style="list-style-type: none"> • Collect and maintain GPS Coordinates of MPI approved organisations in a way that is useful in a response and useful for planning
Registrations Management	<ul style="list-style-type: none"> • Review what is needed to effectively manage registrations (OAPs, registered operators, MAOs etc.)
Strengthening New Zealand's Plant Export Assurance System: Phytosanitary assurances	An umbrella project, for making improvements to the phytosanitary assurance system

3.5. Highlighting two PMAC projects

3.5.1. ICPR Information

Why the project was needed



This project was needed to make the information in an Importing Countries Phytosanitary Requirements or ICPRs' more readily available to New Zealand exporters while facilitating its electronic integration with support systems such as sectoral support tools, ephyto and other MPI databases.

ICPR's for 91 countries are available on the MPI web site . The information in each ICPR has been collated by MPI from a number of sources and lists the phytosanitary requirements for export to a specific a country. Information in an ICPR are updated whenever a country releases new or updates to their regulations. Maintenance of the ICPR's (i.e. monitoring WTO

notifications, reviewing and where necessary contesting changes and updating the ICPR records) are a significant activity for MPI's Plant Exports team and cost \$107 k in the 2018/19 year. In the past year, 53 changes were made to ICPR's

ICPR's are initially prepared by reviewing the importing countries documentation and identifying those regulations and pests which are applicable to New Zealand. While the information is placed in a standard layout some information may vary between ICPR's due to the diverse nature of importing country regulations. For example; the Latin names for pests and commodities surprisingly may vary between countries. It is important that the countries spelling appears on any phytosanitary documentation to ensure compliance. The difference in spelling however can cause confusion and limits the ways in which the ICPR information can be compared and integrated into other electronic systems.

There is an ever-increasing reliance on the electronic manipulation and interrogation of data in today's world. It has been apparent for a number of years that rationalising the data held in the ICPR's and placing it into a database type structure would make the system more usable. For example; larger sectors have developed their own commodity specific electronic systems that support their members' decision making about the suitability of products for specific markets. These sectors have asked MPI for several years for electronic updates so that changes to an ICPR can be seamlessly transferred to their system on the day changes are made to MPI's records saving time and increasing accuracy.

Purpose of the project

To produce one searchable consolidated location of correct ICPR information for use by exporters, industry and Government departments.



Work undertaken to date

Over the last three years work has been underway to reformat the information in individual ICPR's. Initially this involving re-organising current information into an improved structure which will enable more consistent and searchable content. Recent work involved rationalising pest list names and developing a data set so both the country specific spelling and the correct spelling are maintained.

MPI now hosts on their website searchable ICPR information, including a searchable list of quarantine pests in ICPRs containing over 8000 pests and diseases. This information is especially useful for exporters looking for an overseas country's requirements for a specific commodity to be exported from New Zealand, and for those wanting to identify the list of countries concerned about a specific quarantine pest (e.g. Queensland fruit fly)

In March 2019 MPI signed off on the development of a Plant Imports and Exports Requirements (PIER) Tool which will become the framework for these updated ICPR's. This tool will provide an easy to maintain database that can accommodate all import & export requirements for plant products into and out of New Zealand. It will be designed to meet the requirements of a range of users, including exporters and importers. The project will receive funding from both the cost recovered funds and from the government to support the imports component of the project. The first (or foundation) phase will establish the framework which will provide a solid base for future enhancement. For example; initially it will only provide the information to inform export decision's but in the future the same system may provide easy access to information associated with specific consignments. Another example would be the use of data on New Zealand insects to inform a list of potential hitchhiker pests for a specific commodity of quarantine concern in the destination market. The foundation stage will be completed by the end of 2019 at which stage consideration can be given to the priorities for future work.

3.5.2. Official Assurance Programmes (OAP) review

Why the project was needed



OAP's document how MPI expects exporters to meet importing country requirements. OAPs are generally developed when an importing country has a specific requirement for a New Zealand commodity which cannot be met or verified within the generic MPI plant export assurance standards. In some instances; these may be specific registration or food safety requirements.

Alternatively; there may be a requirement for the grower ,who is often not the MAO⁸ , to undertake a specific action in the production of the commodity or the export product must be managed in a way specified by the market.

Over the last 20 years the number of OAP's has increased to 22. The use of OAP's has evolved over this time as MPI's thinking about how to treat specific requirements imposed by an importing country has changed and as the type of actions being required has covered a larger breadth of activities. Negotiation of the requirements with the importing country and its implementation by the relevant sector in the form of an OAP has often been a long and challenging process. This has led to concern about the use of OAP's both by Industry and MPI.

⁸ MPI approved organisation (MAO)

Purpose of the project

The purpose of the project is to review the use of OAP's looking at alternatives to the OAP approach and failing that to provide guidance around OAPs regarding their role and development.

Work undertaken to date

MPI undertook a review of OAP's in 2018 as part of its Strengthening NZ's Phytosanitary Assurance System Project. This review initially looked at the use of OAP's and consulted with Industry bodies to determine whether there was a better approach to provide an assurance for a country specific requirement.



This review concluded that an OAP was the most efficient approach to delivering that assurance and a set of principles was developed to guide the future development of OAP's. Work is now underway to update the next version of the Assurance System Framework standard to incorporate these principles.

MPI's Plant Exports team is starting work on the development of an OAP 'Plant Export Requirement' template and OAP guidance information for industry participants. This guidance will describe how and when an OAP will apply and clarify requirements for a number of activities related to the operation of an OAP (e.g. how to register/withdraw).

3.6. Funds addressing PMAC Goals

The PMAC strategy for 2011 to 2015 identified 6 aspirational goals. These are:

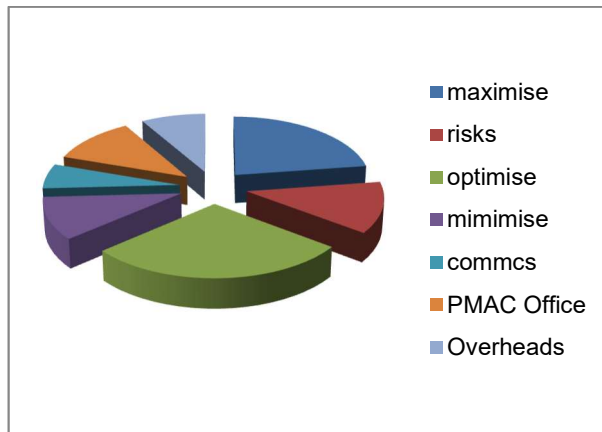
- Maximise sustainable and profitable market access by maintaining existing access and exploring new opportunities (maximise).
- Influence international standards to New Zealand's advantage (influence). This goal is not funded by CRF but is monitored because it receives input from PMAC.
- Proactively manage risks and issues (risks).
- Optimise New Zealand export assurance systems (optimise).
- Minimise unjustified market access requirements (minimise).
- Effective communication between industry and government (comms).

These goals have highlighted in PMAC's delivery charter⁹ agreed with MPI. The charter identifies the areas of work and the quality of the outputs that will be provided for the funds invested.

⁹ http://www.pmac.co.nz/pmac_strategy.html

Activity related to five of these six goals is funded by CRF. Fund spent in each area are represented in the pie chart below. Areas that do not contribute to specific goals have been separated out.

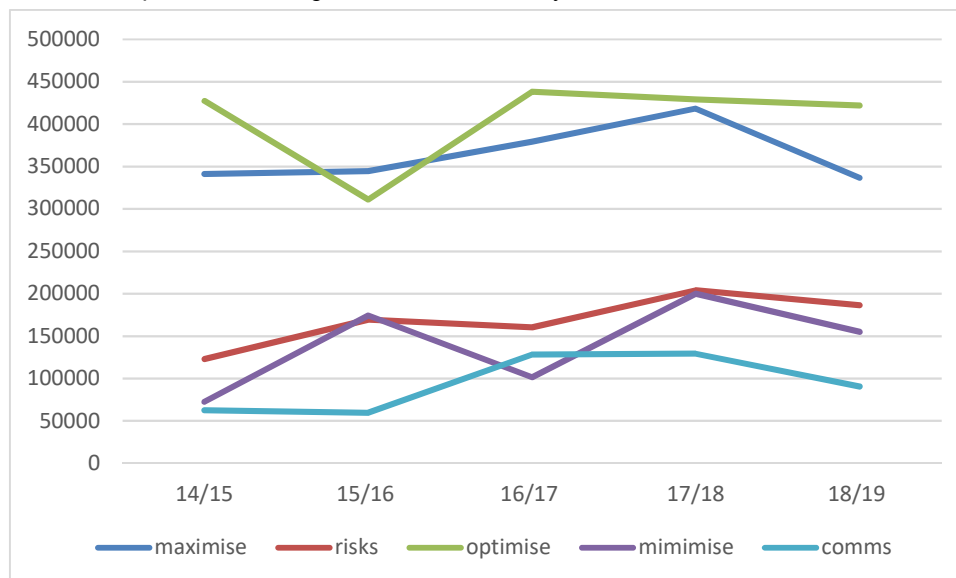
Graph 7 Funds spent against each goal in 2018/19



One area that is potentially underrepresented in this graph is the effort put into communication. . Over recent years communication has become embedded in all of the activities undertaken by the secretariat and each working group has a dedicated communication work stream. The secretariat also spends approximately 33% of their time on communication about PMAC and its projects.

If this cost is included in the communication goal the total spends on communication would increase to \$180 K making it the third highest spend. These five goals funded by PMAC have been mapped for 5 years and while there is annual variation in the spend the two that show the most consistent upward trend are the maximise market opportunities and optimise our assurance system

Graph 8 annual spend on the 5 goals over the last 5 years



3.7. Teams involved and key 2018/19 Achievements

From 2018 activity to meet the PMAC endorsed work plan within MPI has been spread over three directorates

The Market Access directorate led by Tim Knox. This directorate deals with phytosanitary and food safety issues to support plant, animal and marine exports. Plant exports focused work in the Market Access teams within this Directorate is cost recovered, either from industry or generic fees. This team is responsible for leading any response to significant trade issues, negotiating and driving market access requests. Counselors work closely with the Plant Imports and Exports teams to respond to sector specific issues raised by key markets. Ivan Veljkovic Principal Adviser is responsible for the management of the PMAC relationship for this directorate.

The Regulation & Assurance Branch - Plants & Pathways Directorate led by Peter Thomson. This directorate is responsible for providing technical support to sectors to assist with exporting and developing market access requests. The Plant Exports team is primarily responsible for phytosanitary areas but may also provide some assistance with food safety issues. Shane Olsen Manager of Plant Exports is responsible for the management of the PMAC relationship for this directorate.

The Regulation & Assurance Branch – Assurance branch led by Alan Kinsella This directorate is responsible for developing and maintaining assurance systems across MPI. This Directorate is strengthening and aligning assurance systems across all primary sectors. Jacqui Bird Manager of the Plants Wine and Organics Assurance Group Principal Adviser is responsible for the management of the PMAC relationship for this directorate.

These teams are responsible for a wide range of work. A high level of summary of the work completed in the past year is listed below.

Market Specific activity	
Argentina	<ul style="list-style-type: none"> Waiting for progress on status of beet seed market access requests
Australia	<ul style="list-style-type: none"> Bilateral meetings held Continued discussion re OPI and CBIS
Canada	<ul style="list-style-type: none"> Published an FYI on Safe Food for Canadian regulations
China	<ul style="list-style-type: none"> Bilateral meetings held Revised Avocados to China OAP for 2018/19 season Working to reinstate trade in Brassica seed and kiwiberries New Market access requests for Blueberries, Ginseng and Onions being progressed in both cases waiting for China to complete their assessment
Colombia	<ul style="list-style-type: none"> Access for kiwifruit being progressed Improved access conditions for bulbs being negotiated
EU	<ul style="list-style-type: none"> Ongoing assessment of the new EU regulations and new plant health laws Contributing to EU FTA negotiations Provided submission to EU about draft high risk plant list Submission to EU on proposed chlorate limits in food (potential by product from sanitiser use) Acer spp. technical dossier submitted to the EU for exemption from the high-risk plant list

Ecuador	<ul style="list-style-type: none"> Ecuador removed one pest from their ICPR for lily bulbs (<i>Lilium</i> spp.) and accepted New Zealand's proposal to test parent plants rather than each consignment
Fruit Fly project	<ul style="list-style-type: none"> Work to support continued trade of fruit fly host commodities in the case of a fruit fly incursion. Negotiations have started with Australia, Japan, Taiwan and USA to agree the fruit fly protocol
India	<ul style="list-style-type: none"> Seeking agreement to fast track NZ product entry Seeking alternative treatment for onions to methyl bromide Submission made to India on inclusion of Harvesticide as a Processing Aid. New Market access request for Kiwiano being progressed
Japan	<ul style="list-style-type: none"> Bilateral meetings held Requests change in import requirements for apples Assisted with response to 3 consignments which exceeded MRL's
Kenya	<ul style="list-style-type: none"> Investigated requirements for kiwifruit to Kenya
Korea	<ul style="list-style-type: none"> New Blueberry market access requested Assessing best approach to reopen access for Meyer lemons
Myanmar	<ul style="list-style-type: none"> Confirmed that a PRA for NZ commodities is not required for apples, kiwifruit, strawberries and blueberries and a small volume of seeds for sowing i.e. trade will continue Agreed to assess cherries, pears, avocados, Summerfruit and onions for access
Pakistan	<ul style="list-style-type: none"> Worked with Pakistan and achieved recognition that New Zealand does not allow production of GMO pea seed Requesting re-opening of the market for apples
Panama	<ul style="list-style-type: none"> Worked on requirements for kiwifruit to Panama
Philippines	<ul style="list-style-type: none"> Bilateral meeting and an electronic certification workshop Working to free access for onions into Philippines
Spain	<ul style="list-style-type: none"> Responding to Spain's request that New Zealand provide phytosanitary certificates with wet rather than electronic signatures
Taiwan	<ul style="list-style-type: none"> Assisted with response to 1 consignment which exceeded its MRL
Thailand	<ul style="list-style-type: none"> Bilateral meetings Worked with Thai FDA to supply list of packhouses and exporters to support entry under the NZ/ Thai food safety equivalency agreement Thailand progressing PRA for peaches Submission to Thailand to add Harvesticide to their draft list of permitted sanitisers
UK	<ul style="list-style-type: none"> Monitored Brexit preparations Provided input into preparation for UK FTA negotiations once Brexit has occurred
USA	<ul style="list-style-type: none"> Continue to monitor progress of request for capsicum access to USA
Vietnam	<ul style="list-style-type: none"> Strawberry PRA material being assessed by Vietnam
OAP's	<ul style="list-style-type: none"> Maintained 22 OAP's
Maintained certification framework	<ul style="list-style-type: none"> Undertook audits of IVA's Updating phytosanitary certification system standards Maintained ephyto system implemented a number of changes to allow ephyto to process seed varietal certificates and allow the use of wet signatures when required by markets e.g. Spain

Input into incursions	<ul style="list-style-type: none"> • Responsible for the activities to support exports and maintain market access during the Fruit Fly Incursions in 2019 • Developed arrangement with DAWR in Australia to arrange joint management of all offshore treatment providers for BMSB cargo
Food safety requirements e.g. MRL's	<ul style="list-style-type: none"> • Scanned SPS notifications and recorded information on legislation or data /levels for heavy metals, sanitisers and/ or microbial parameters for 27 markets . • Provided advice on food safety levels and preharvest interval advice to industry groups and individuals • Updated 478 MRL's from 45 countries
IVA's / MAO's	<ul style="list-style-type: none"> • Held several IVA/ MPI alignment meetings and had regular communications with IVA's to clarify expectations • Followed up on 64 event reports • Processed 260 MAO amendments and approved 1 new MAO
ICPR's	<ul style="list-style-type: none"> • 53 ICPR Updates completed • Work underway to place all ICPR's in common template and use consistent spelling for pest names
Codex , CCFFV , OECD seeds scheme, ICCBA, and ISPM	<ul style="list-style-type: none"> • Reviewed and commented on the following draft requirements - Fumigation, Determination of pest status in an area and Third-party entities. • Discussion paper submitted by MPI regarding the draft ISPM on "Audit in the Phytosanitary context" • Co-Chairing working group and provided a discussion paper on Rot Tolerances for fresh fruit and vegetables • Continues to lead the development of the Codex Standard for kiwifruit • Input to the working group developing international guidelines on the acceptance of 'low risk' substances in food (predominantly biopesticides and botanical pesticides. • Input to development of schedule for methyl bromide fumigations and Heat treatments
ephyto IPPC development	<ul style="list-style-type: none"> • Providing support for the development and implementation of the ephyto hub for the international exchange of phytosanitary certificate information • Work to arrange exchange of information with a number of countries including China , Australia and Argentina

4. PMAC Expenditure and Cost recovery account July 18- June 19

	Budget 18/19	YTD Actuals	Variance
Total Phyto Cert Fees	\$1,592,380	\$1,548,345	-3%
Total Expenditure (Core)	\$1,344,130	\$1,214,281	-11%
Total Expenditure (Projects)	\$427,000	\$272,920	-56%
Memorandum Account Nett offset	-\$178,750	\$61,144	
Memorandum account Jul opening balance	\$490,086	\$490,086	
Memorandum Account Jun Closing	\$311,336	\$551,230	

High level Budget

Expenditure-Phytosanitary			
Market Access, bilateral relationships, emerging issues and clear shipments delayed at the border	\$300,000	\$298,390	1%
Assurance systems	\$280,000	\$271,163	3%
Stakeholder Management and Liaison	\$39,600	\$18,959	52%
Total Phytosanitary Activity	\$619,600	\$588,512	5%
Total Ecert	\$120,000	\$92,206	-23%
Expenditure -Food safety			
Market Access	\$288,000	\$237,063	18%
Stakeholder Management and Liaison	\$8,400	\$3,795	55%
Total Food Safety Activity	\$296,400	\$240,857	19%
Expenditure -PMAC projects	\$427,000	\$272,920	36%
Expenditure -PMAC office	\$149,880	\$168,488	-12%
Expenditure Overheads	\$158,250	\$124,218	22%
Total Expenditure	\$1,771,130	\$1,487,201	16%
Surplus/ deficit	-\$178,750	\$61,144	134%

5. PMAC Incorporated

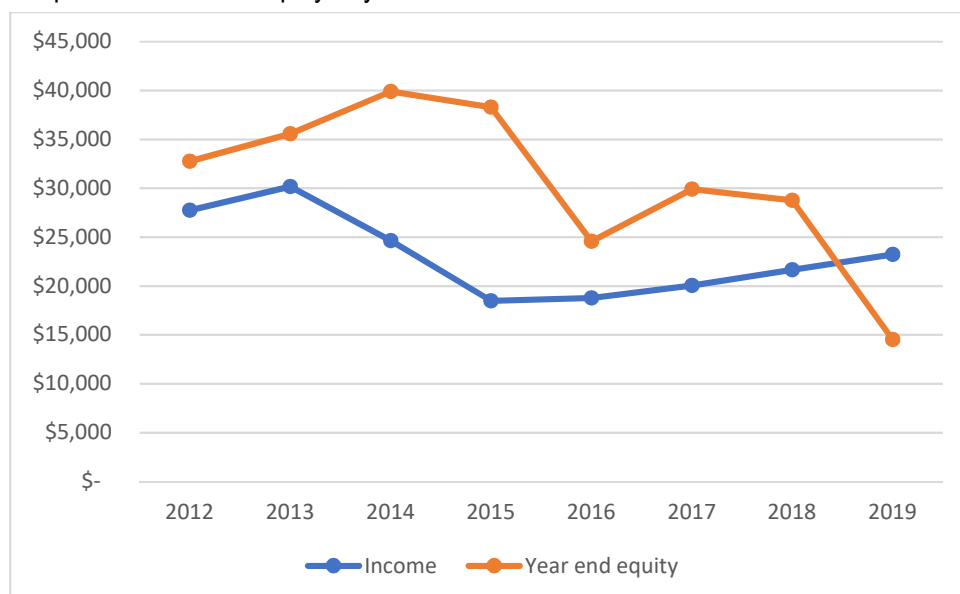
The Plants Market Access Council Incorporated (PMAC Inc.) was established in 2002 as a legal entity to act as the peak body for the development and implementation of the strategy for New Zealand's market access and export assurance programs for all plants and plant products. For more information on membership classes and detail of the individual members see the PMAC Inc. web page on the PMAC web site.

In 2018/19 the PMAC Inc. membership fees were

- Ordinary members (i.e. industry representatives) \$1610 + GST p.a.
- Special (i.e. MPI and MFAT representatives) no fees,
- Service and IVA Members (i.e. from organisations that provide a range of export services to the horticultural and seed industries) \$575 + GST p.a.

As with the CRF between 2010 and 2014 PMAC Inc.'s surplus had increased to levels that were regarded as unnecessary (Graph 10) and every effort has been made to reduce the level of carry over funds. Members agreed to smooth the membership fee profile and agreed to retain fees at a constant level until the year end carry over is reduced to 60% of budget. After running a deficit budget in the 2018/19 this was achieved with a year-end balance of \$14,533 equivalent to 59% of annual expenditure.

Graph 9 Income and equity at year end June 30 2018



6. Financial Report for PMAC Inc

Plants Market Access Council Incorporated Accounts for
the year ended 30 June 2019

Prepared by Parbhu Gallagher Parag Limited



Contents

- 1 Compilation Report
- 2 Directory
- 3 Statement of Profit or Loss
- 4 Statement of Changes in Equity
- 5 Balance Sheet
- 6 Schedule of Fixed Assets and Depreciation
- 7 Notes to the Financial Statements

Compilation Report

Plants Market Access Council Incorporated For the year ended 30 June 2019

Compilation Report to the Directors of Plants Market Access Council Incorporated

Scope

On the basis of information, you provided, we have compiled, in accordance with Service Engagement Standard No. 2: Compilation of Financial Information, the financial statements of Plants Market Access Council Incorporated for the period ended 30 June 2019.

As described in Note 1 to the financial statements, these financial statements are a special purpose report, for internal management and taxation purposes only.

Responsibilities

Plants Market Access Council Incorporated is solely responsible for the information contained in the financial statements and have determined that the Special Purpose Reporting Framework used is appropriate to meet your needs and for the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for your benefit. Neither I nor any of our employees accept any liability of any kind whatsoever, including liability by reason of negligence, to either yourself or any other person for the losses incurred as a result of placing reliance on the compiled financial information.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Departure from Reporting Framework

The accounting policies adopted are not in conformity with generally accepted accounting practice. Accordingly, the financial statements should only be relied on for the expressly stated purpose.

Disclaimer

As mentioned earlier in our report, we have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on these financial statements.



Parbhu Gallagher Parag
Limited Chartered Accountants
Wellington

Dated: 28 August 2019

Directory

Plants Market Access Council Incorporated For the year ended 30 June 2019

Society Number

9089582

IRD Number

085-168-401

Executive Council

Michael Ahie	Chairperson	Independent
Andy Warren	Vice Chairperson	NZ Flowers Growers Exporters Association
Thomas Chin		NZ Grain & Seed Trade Association
Roger Gilbertson		NZ Apples and Pears Incorporated
Paul Turner		New Zealand Plant Producers Incorporated
Simon Hegarty		NZ Horticulture Export Authority
Stephen Ogden		Tomatoes NZ
Leanne Stewart		Horticulture New Zealand
Juan Rosales		Summerfruit NZ
Catherine Richardson		Zespri International Limited
Jen Scoular		NZ Avocado Industry Council
Tony Ponder		Horticulture Exporters Council
James Kuperus		Onions New Zealand
Peter Thomson		Ministry for Primary Industries
Tim Knox		Ministry for Primary Industries
Brian Wilson		Ministry for Foreign Affairs and Trade
Chris Claridge		Potatoes NZ
Helen Gear	Executive Officer	

Chartered Accountant

Parbhu Gallagher Parag Limited

Bankers

Westpac New Zealand Limited

Statement of Profit or Loss

Plants Market Access Council Incorporated For the year ended 30 June 2019

	NOTES	2019	2018
Income			
Membership Fees		23,230	21,620
Interest Received		10	21
Total Income		23,240	21,641
Total Income		23,240	21,641
Expenses			
Bank Charges		153	153
Depreciation		975	390
Loss on Disposal		-	318
Meeting Expenses		32,994	18,124
Printing, Postage & Stationery		2,919	3,735
Rent - Conference Facility		435	65
Total Expenses		37,476	22,785
Net Profit (Loss) Before Taxation		(14,236)	(1,144)
Taxation			
Tax Expense	6	1	2
Net Profit (Loss) for the Year		(14,237)	(1,147)



Statement of Changes in Equity

Plants Market Access Council Incorporated For the year ended 30 June 2019

	2019	2018
Equity		
EQUITY AT START OF PERIOD	28,760	29,907
Net Profit (Loss) for the Period	(14,237)	(1,147)
EQUITY AT END OF PERIOD	14,524	28,760



Balance Sheet

Plants Market Access Council Incorporated As at 30 June 2019

Assets			
Current Assets			
6.	NOTES	30 JUN 2019	30 JUN 2018
Cash and Bank			
Westpac NZ Ltd - 00 Account		7,447	70
Westpac NZ Ltd - 01 Account		5,610	28,301
GST Receivable		1,571	-
Income Tax Receivable	6	1	2
Total Current Assets		14,629	28,373
Non-Current Assets			
Fixed Assets as per Schedule		975	1,950
Total Non-Current Assets		975	1,950
Total Assets		15,604	30,324
Liabilities			
Current Liabilities			
Accounts Payable		1,081	-
GST Payable		-	1,563
Total Current Liabilities		1,081	1,563
Total Liabilities		1,081	1,563
Net Assets		14,524	28,760
Equity			
Retained Earnings		14,524	28,760
Total Equity		14,524	28,760

The Financial Statements have not been audited. The accompanying notes form part of these Financial Statements and should be read in conjunction with the reports contained herein.

For and on behalf of the Board:

Chairperson

Executive Officer

Date:

Schedule of Fixed Assets and Depreciation

Plants Market Access Council Incorporated For the year ended 30 June 2019

										CLOSING VALUE
NAME	RATE	METHOD	PURCHASED	COST	OPENING VALUE	OPENING ACCUM DEP	PURCHASES	DEPRECIATION	CLOSING ACCUM	
8.										DEP
Office Equipment										
Website	50.00%	DV	8 Mar 2018	2,340	1,950	390	-	975	1,365	975
Total Office Equipment				2,340	1,950	390	-	975	1,365	975
Total				2,340	1,950	390	-	975	1,365	975

Notes to the Financial Statements

Plants Market Access Council Incorporated For the year ended 30 June 2019

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements presented here are for the entity Plants Market Access Council Incorporated, an Incorporated Society registered under the Incorporated Societies Act 1908.

Plants Market Access Council Incorporated is a reporting entity under the Financial Reporting Act 1993. These Financial Statements have been prepared in accordance with the Financial Reporting Act 1993.

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

Plants Market Access Council Incorporated is a qualifying entity in that it qualifies for Differential Reporting as it is not publicly accountable and is not defined as large for financial reporting purposes. All available differential reporting exemptions have been applied.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

Revenue Recognition

Sales of goods and/or services are recognised when they have been delivered and accepted by the customer. Interest received is recognised as interest accrues, gross of refundable tax credits received.

Accounts Receivable

Accounts receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

Fixed Assets & Depreciation

The entity has the following classes of Fixed Assets:

Account	Method	Rate
Office Equipment	Diminishing Value	50%

Depreciation has been calculated in accordance with rates permitted under the Income Tax Act 2007.

Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue in respect of each reporting period after adjusting for any variances between estimated and actual income tax payable in the prior reporting period.

Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.



2. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2018: \$Nil).

3. AUDIT

These Financial Statements have not been audited.

4. RELATED PARTIES

Plants Market Access Council Incorporated carries no material transactions with any related party.

5. SECURITIES AND GUARANTEES

There was no overdraft at balance date nor was any facility arranged.

2019 2018

1. INCOME TAX

Net Profit (Loss) Before Tax		
Interest	10	21
Total Net Profit (Loss) Before Tax	10	21
Taxable Profit (Loss)	10	21
Tax Payable at 10.5%	1	2
Deductions from Tax Payable		
Opening Balance	2	3
Resident withholding tax paid	2	4
Provisional Tax Paid	(2)	-
Terminal Tax Paid	-	(3)
Total Deductions from Tax Payable	2	4
Income Tax Payable (Refund Due)	(1)	(2)